No. 01-1015

Supreme Court, U.S.
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In The

Supreme Court of the United States

VICTOR MOSELEY and CATHY MOSELEY,
d/b/a VICTOR'S LITTLE SECRET,

Petitioners,

v.

V SECRET CATALOGUE, INC.,
VICTORIA'S SECRET STORES, INC., and
VICTORIA'S SECRET DIRECT, LLC,

Respondents.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Sixth Circuit

PETITIONERS' REPLY BRIEF ON THE MERITS

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REPLY TO RESPONDENTS' STATEMENT OF THE CASE

Straightaway, the Brief For Respondents ("R.Br.") yields two observations – [1] Respondents have *disavowed* the likelihood of dilution standard; and [2] they still hope they can win if they paint Petitioners in a bad enough light.

The Question Presented is whether Respondents should be required to prove "actual injury to the economic value of the famous mark as a precondition for relief" under the FTDA. In opposing the Petition, Respondents cited cases advocating a likelihood of dilution standard. At the merits stage, however, they now concede that "the FTDA requires proof of present dilution" (R.Br. 32).

Given that startling concession, perhaps it is not surprising that Respondents resort (over a dozen times) to portraying Petitioners in progressively pejorative phrases culminating in a remarkable reference to child abuse (R.Br. 48). They also write that Petitioners' lingerie is sold "alongside" adult films and sex toys (R.Br. 12); that is flat wrong (JA 44-45). This is an attempt to inject subjective value judgments as a substitute for the proof the statutory language ("causes dilution") requires, in hopes the Court will look past Petitioners' legal arguments. It worked in both courts below under the guise of addressing dilution by tarnishment, but the Court has a history of not being swayed from the merits of a case by references to the nature of a party's business, even if entirely devoted to "outrageous" sexually-oriented material. *See Hustler Magazine v. Falwell*, 485 U.S. 46, 55-56 (1988).

SUMMARY OF REPLY ARGUMENT

Because Respondents now concede that the FTDA requires proof of actual dilution, the Court can focus directly on the essential question embraced by the Question Presented: the proper meaning to be accorded

the statutory term "dilution," and the proof of causation of dilution required by § 43(c).

Respondents urge a tortured construction of the FTDA that destroys the plain meaning of "causes," premised on the notion that "distinctiveness" is the "essential quality" of a mark (R.Br. 14). From that premise, Respondents posit that dilution results automatically from use of any mark similar to a famous mark which evokes an association, because the distinctiveness of the mark is "inherently" reduced. This ignores that federal law defines a trademark in terms of its capacity to "*identify and* distinguish." The proffered test for dilution is a "think" and "link" test (R.Br. 9) that presumes consumer association from mere phonetic similarity which, circularly, "causes dilution" by that association. The Court is asked to indulge in the assumption that any junior use of a famous mark inevitably creates present dilution, an assumption refuted by common experience (*e.g.*, DELTA faucets, DELTA airlines). Respondents posit a strict liability standard devoid of objective proof that dilution has occurred, without injury-in-fact to the economic value of a famous mark and in derogation of the "causes dilution" term of the FTDA.

Respondents' construction depends on statutory sleight-of-hand, based on imprecise or incomplete quotations of the FTDA. For example, they argue that dilution is conduct that reduces a famous mark's distinctiveness, but omit "identify and" from the statutory definition of dilution (R.Br. 39). They argue no proof of injury is required because dilution harm is "nascent" and therefore not presently (if ever) susceptible of proof. Thus, they urge an injunction to immediately issue to "prevent the harm before it occurs" (R.Br. 27), dispensing with the usual injury-in-fact required in a federal court. Respondents' arguments render the "causes dilution" term of § 43(c) a nullity – and are constitutionally infirm.

Respondents' and amici's analogies to the availability of injunctive relief generally, or under the Civil Rights Act or strict liability statutes such as the Patent and Copyright Acts, are inapposite. Similarly, TRIPs does not mandate the construction (likelihood of dilution) advocated by amici.

Respondents' and amici's arguments are little more than revisionist history of what Congress might have legislated but did not. They urge the Court to ignore the plain language "causes dilution" in favor of a wistful view of a supposed "policy" underlying the FTDA. But no policy can be exalted over the words actually used by Congress; the legislative history of the FTDA (alternately silent, contrary, and/or inconsistent) presents no explication on the matters at issue.

Finally, the argument that the courts below used contextual factors to "find" dilution is wrong. Contextual factors were analyzed only for Respondents' confusion-based claims (§§ 32, 43(a)), and resolved *against* Respondents.

ARGUMENT

I. RESPONDENTS HAVE CHANGED THEIR ARGUMENT AND NOW DISAVOW THE "LIKELIHOOD OF DILUTION" STANDARD ADOPTED BY THE COURT BELOW; RESPONDENTS CONCEDE THE FTDA REQUIRES PROOF OF PRESENT DILUTION.

The petition for certiorari was principally premised on the split between "actual, consummated dilution" in the Fourth Circuit's *Ringling Bros.* opinion, versus "likelihood of dilution" in the Second Circuit's *Nabisco* decision, endorsed by the Sixth Circuit below. Respondents opposed the petition by advocating the likelihood of dilution standard (Opp.Br. 28-30). Here they switch their argument and concede the FTDA "requires proof of present

'dilution'" (R.Br. 32).[1] Respondents thus agree with Petitioners and the Fourth Circuit's requirement of "actual, consummated dilution," and thereby discredit amici AIPLA, Best Western, and Intellectual Property Law Professors, who urge a likelihood of dilution standard.

II. THE FTDA'S "CAUSES DILUTION" LIABILITY STANDARD REQUIRES OBJECTIVE PROOF OF ACTUAL INJURY TO THE ECONOMIC VALUE OF THE FAMOUS MARK, NOT A PRESUMPTION OF INJURY FLOWING FROM MERE SEMANTIC SIMILARITY TO THE FAMOUS MARK.

A. "THE LESSENING" OF THE FAMOUS MARK'S "CAPACITY . . . TO IDENTIFY AND DISTINGUISH GOODS OR SERVICES" ENVISIONS DAMAGE TO THE ECONOMIC VALUE OF THE MARK, NOT A MERE REDUCTION IN DISTINCTIVENESS.

Respondents self-define dilution to erect an argument that they need not show objective proof of present dilution. Their definition, "a lessening of the capacity of the mark to be distinctive" (R.Br. 11), twice departs from dilution as defined by Congress: *the* (not *a*) lessening, and *identify and* distinguish (not just *distinguish*). Converting "capacity to identify and distinguish" in 15 U.S.C. § 1127 to "distinctiveness," they use their misquotes to define dilution as merely "a lessening of distinctiveness" (R.Br. 23). They say that since "lessening" is a gerund and "capacity" means "power" *(id.)*,[2] dilution harm is therefore a "gradual process unfolding over time" (R.Br. 25).

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[1] Amicus INTA likewise switched its position here. *Compare* INTA Br. 17-18 (likelihood of dilution is "irrelevant" and "extraneous") *with* Opp.Br. 9a (INTA officer advocating "likelihood of dilution" standard *as recently as February 14, 2002*).

[2] Respondents' reading overlooks nuances between "capability" and "capacity." *See* BRYAN A. GARNER, MODERN LEGAL USAGE 100 (1987) (*capacity* as "legal competency or qualification" vs. *capability* as "power or ability in general"). Congress used "capacity" in the FTDA in its legal, not general sense. Moreover, that the FTDA employs "*the* lessening of the capacity" shows that Congress viewed dilution as measurable.

Respondents and amici cite repeatedly to the 1927 Schechter law review article as if it were the veritable "bible" revealing chapter and verse of dilution law that had lain dormant like the Dead Sea Scrolls until discovered by Congress in 1995. In reality, Prof. Schechter did not use the term "dilution" and surprisingly little of his article even discusses the concept today called dilution ("perhaps as few as three passages").[3] Prof. Schechter's primary argument was that trademarks should be enforceable whether or not the parties directly competed and regardless whether the source or origin of goods and services is known to consumers (SCHECHTER at 816, 821), concerns resolved by trademark law long before the FTDA, a fact surely known to Congress in 1995. In any event, Congress did not adopt any part of Prof. Schechter's theory (not even his "whittling away" theory) as the definition of dilution, instead defining dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services" 15 U.S.C. § 1127. Indeed, the oft-cited Prof. Schechter is not mentioned in the House Report.

To be sure, Prof. Schechter stated that "the preservation of the uniqueness or individuality of the trademark is of paramount importance to its owner" and that the "real injury" in all such cases "is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use on non-competing goods,"[4] a mantra worshiped in Respondents'

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[3] Jonathan E. Moskin, *Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 TMR 122, 126 (1993).

[4] SCHECHTER at 822, 825. Prof. Schechter advocated protecting the selling power of truly "unique" and "singular" trademarks, but recognized his view was contrary to the Court's holding in *American Steel Found. v. Robertson*, 269 U.S. 372 (1926), that the same mark may be used on different classes of goods. *Id.* Thus, even Schechter knew his proposal was antithetical to the common law of trademarks.

and amici's briefs. But Prof. Schechter did not explain how this "real injury" is to be proven, nor did he propose a remedy for this then-unnamed phenomenon.

The single passage containing the "whittling away" metaphor births Respondents' and amici's arguments here. Seizing and aggrandizing that phrase (notable by its *absence* from the text of the FTDA *and* the House Report), Respondents argue that "Congress, in accordance with Schechter's insight, *presumed* that dilution would ultimately result in economic harm" (R.Br. 27, italics in original). They contend that if a junior mark is similar enough to conjure an association with a famous mark, then dilution occurs even if it cannot be measured (R.Br. 25). They say it is "reasonable to infer that consumers, even if not confused . . . will associate the marks" (R.Br. 42-43), and that is sufficient to find dilution. They urge that "dilution" must mean "reduction in distinctiveness," and "any junior use that lessens the distinctiveness of a famous mark causes present dilution and may be enjoined" (R.Br. 40). Respondents thus argue that dilution (self-defined as loss of distinctiveness) is proven if there is loss of distinctiveness. A more circular basis to establish liability is hard to imagine.

Further, merely because Congress provided examples of *identical* uses of famous marks that would be "actionable" (R.Br. 26) does not mean that Congress intended to dispense with proof of injury and causation. In legal context "actionable" means only "furnishing the legal ground for a lawsuit or other legal action" (BLACK'S LAW DICTIONARY 32 (7th ed. 1999)), not *proof* of dilution. And referring to *identical* uses of famous marks gives no guidance here, where there are both semantic and gender differences (*e.g.*, Victor/Victoria) between the accused and famous marks.

Moreover, it is not true that every identical use of a famous mark triggers an association in consumers that will inevitably cause dilution. We know that consumers have kept DELTA Airlines separate from DELTA faucets, and the FORD Modeling Agency has existed for years without destroying the famous mark of FORD Motor Company. We also know that Congress was given the hypothetical example of APPLE computers and APPLE dinnerware.[5] Given these examples, Congress logically required causation in § 43(c) ("causes dilution") as the predicate for an injunction against dilution.

Respondents overlook the fact that the Second Circuit (and the Sixth Circuit below in following it) applied so-called contextual factors (previously used only to establish infringement under a likelihood of confusion standard) only *after* wrongly deciding that the FTDA allows an "inference of likely harm" in lieu of actual proof of dilution. Pet.App. 23a, 25a. Since Respondents now concede that "proof of present dilution" is required, it is improper to rely on contextual factors to establish dilution. To advocate contextual factors as "proof" fulfilling the "causes dilution" requirement of § 43(c) merely because factors are used to provide proof of likelihood of confusion (where *probability* of confusion is assessed) is inappropriate because proof of *actual* present dilution (not a *likelihood* of dilution) is required by the FTDA.

The Solicitor General (US Br. 22-24) and some amici (Intel Br. 27; Ringling Bros. Br. 21) agree that survey evidence is competent to establish that consumer perception has been affected by the accused mark. This would be proof of the "present dilution" Respondents admit is required. Although they too concede this (R.Br. 48), Respondents brush survey evidence aside as "too expensive"

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[5] *See* Statement of Jonathan E. Moskin at Hearing on H.R. 1295 Before the Subcomm. on Courts and Intell. Prop. of the Comm. on the Judiciary, 104th Cong., 1st Sess. (1995), *reprinted in* 9 GILSON, TRADEMARK PROTECTION & PRACTICE 43-270, at 279.

and instead urge proof of dilution injury by metaphor, a technique not even used by Prof. Schechter. Quoting the FTDA legislative history (which in turn quoted a decades-old case construing New York state dilution law),[6] Respondents label dilution as an "infection" that "if allowed to spread" will "inevitably destroy the advertising value" of their mark (R.Br. 26). Respondents also describe dilution as one of a hundred bee stings (R.Br. 27). Amici refer to dilution injury as the "first cut" of 1000 that leads to death (Intel Br. 5) or as a form of "pollution" – a single drop of iodine in a gallon of water (INTA Br. 17). Reliance on metaphor highlights Respondents' and amici's goal to avoid their statutory obligation to prove causation.

Petitioners submit that the "causes dilution" term of § 43(c) requires a dilution plaintiff to show that the "infection" *has* caused sickness, the "bee" *has* lodged its stinger, the "cut" *has* drawn blood, or a mosquito carrying the dilution virus *has* bitten. Metaphorically, it is not enough to show there are bees or infectious mosquitos buzzing around. Continuing the infection metaphor, a court might just as rightly conclude that the infection is purely somatic.[7]

The bee sting metaphor actually works in favor of Petitioners. Respondents note they had been (metaphorically) exposed to bees 14 times before VICTOR'S LITTLE SECRET went into business (R.Br. 6). But this exposure has yet to destroy, diminish or have a measurable impact on the "capacity of the famous mark to

[6] The folly of relying on the *Mortellito* decision (applying state law) as explaining federal FTDA law was discussed in Petitioners' Brief on the Merits at 48-50.

[7] Jacoby, *The Psychological Foundations of Trademark Law*, 91 TMR 1013, 1049 (2001) (cited by amicus INTA at 8, n.14) suggests that it would not be impossible to present empirical evidence of dilution. Respondents simply failed to do so. *See also* INTA Br. 13 ("Dilution, indeed, is now an empirically sustainable fact"). Given that fact, Respondents may fairly be held to their proof.

identify and distinguish [Respondents'] goods or services." The absence of any evidence on this point shows that, as a matter of law, Petitioners have not "caused" dilution.

Whether VICTOR'S LITTLE SECRET causes a lessening of the capacity of the VICTORIA'S SECRET® mark to identify and distinguish its goods or services is the central issue on which Respondents bore the burden of proof. To establish FTDA "dilution" requires proof that (1) a defendant has made use of a junior mark sufficiently similar to the famous mark to evoke an "instinctive mental association" of the two by a relevant universe of consumers that (2) has caused (3) an actual lessening of the senior mark's selling power, and hence, actual economic harm to the famous mark's economic value (by lessening its former selling power as an advertising agent for its goods or services). *Ringling Bros.*, 170 F.3d at 458, 461. Other than by metaphor, Respondents did not attempt to sustain their burden of proof, instead arguing that "proof of dilution does not encompass economic injury" (R.Br. 10). But they never say what proof of dilution *does* encompass.

Respondents do identify two harms remediable by the FTDA: (1) lessening of the distinctiveness and thus *the commercial value* of a mark (R.Br. 21) and (2) reduction in *advertising value* (R.Br. 22). There can be no dispute that reduction in the commercial or advertising value of the mark are forms of actual injury to the economic value of the mark. This is precisely the type of proof Petitioners contend is required to sustain an FTDA claim, and precisely that which Respondents failed to establish.

Respondents' argument is premised on a false distinction between "economic harm" (stated over 100 times in briefs)[8] and "the lessening of the capacity" of a famous

[8] In their briefs, Respondents reference "economic harm" 40 times, amici 75 times. In this same context, the Solicitor General has misperceived Petitioners' argument for "actual dilution" as requiring proof of "economic harm *to the owner* of a famous mark" (US Br. 8, 25). While

mark to identify and distinguish goods or services. This argues semantics and avoids the real issue: whether the FTDA requires proof of causation of injury-in-fact. By § 43(c)'s plain language ("causes dilution"), it does.

B. Respondents Produced No Evidence Of Dilution By Tarnishment, Relying Instead On Pejorative Portrayals Of Petitioners And Their Business.

Respondents cast Petitioners and their inventory in progressively negative terms, beginning at page 1 (adult products), continuing at page 7 (sex toys), page 9 (lewd), page 12 (porn shop), page 31 (nationwide chain of pornography stores) and page 46 (purveyor of pornography). At page 48, Respondents even evoke images of child abuse while urging a *per se* (as in libel) standard. It is unfortunate Respondents choose to engage in such *ad hominem*. We can only conclude this is designed to foment bias and negative associations toward Petitioners, as a substitute for the proof the FTDA text ("causes dilution") requires. But even if Petitioners were bad people (which they are not), that is irrelevant to the legal issues here. In another context, Justice Frankfurter reminds us that "[i]t is a fair summary of history to say that the safeguards of liberty have frequently been forged in controversies involving not very nice people." *United States v. Rabinowitz*, 339 U.S. 56, 69 (1950) (dissenting).

Both the district court and the Sixth Circuit took Respondents' bait and concluded this was a case of dilution by tarnishment. The district court merely concluded that Petitioner's inventory "while not unsavory to all" diluted the Victoria's Secret mark. Pet.App. 41a-42a. The Sixth

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Petitioners agree that the types of harm listed by the Solicitor General (lost sales, decline in mark's market value) would be proof of actual dilution, Petitioners do not go so far as to suggest that those types of harm must be shown. See *supra* at 7-8 (survey evidence), 9 (evidence of reduction in commercial or advertising value).

Circuit's tarnishment analysis was limited to its characterization of Petitioner's inventory as "sex toys and lewd coffee mugs." Pet. App. 27a. There can be no doubt both courts' conclusions are wholly subjective and flow solely from pejorative portrayals, not from any evidence of actual dilution injury. There is no reason to treat FTDA dilution by tarnishment any way other than to apply the plain terms of the statute: proof of actual injury to the capacity of the famous mark to identify and distinguish must be adduced by the plaintiff. Respondents submitted no such proof in the courts below, so the dilution by tarnishment ruling must be reversed as a matter of law.

C. Likewise, Respondents Did Not Adduce any Evidence Of Dilution By Blurring; They Showed Only Semantic Similarity Of The Marks.

Respondents contend that the Sixth Circuit "found" dilution (R.Br. 13). The Sixth Circuit's analysis of dilution injury of any sort was very limited. Noting semantic similarity between the marks, the Sixth Circuit stated its inquiry as "whether a consumer would link a store called 'Victor's Little Secret' that sold lingerie with the more famous 'Victoria's Secret,'" and concluded: "We have little doubt that the average lingerie consumer would make just such an association. . . . This, then, is a classic case of dilution by . . . blurring (linking the chain with a single, unauthorized establishment)." Pet.App. 27a.

Other than an assumption (without evidence) of what consumers might think, and a reference to the semantic similarity of the parties' marks, the court did not explain how Respondents' famous mark would lose its capacity to identify and distinguish goods or services, or how the mark was otherwise harmed. Respondents submitted no such proof in the courts below, so the dilution by blurring ruling must be reversed as a matter of law.

III. THE DILUTION INJURY PROFFERED BY RESPONDENTS DOES NOT AND CANNOT SATISFY IN A FEDERAL COURT THE FTDA'S "CAUSES DILUTION" STANDARD.

Respondents claim that the plain text of the FTDA shows that dilution (as they define it) describes "both an end harm – the loss of selling power – and the process of lessening distinctiveness that causes it" (R.Br. 33). Such "double duty" as Respondents call it (*id.*), apparently self-proves dilution sufficient to obtain an injunction even in the *absence* of harm.[9] If this be the true nature of FTDA dilution injury, one wonders how, or if, an owner of a famous mark ever suffers an injury-in-fact. Injury-in-fact, of course, has long been stated by the Court as the standing threshold to gain access to a federal court under Article III of the Constitution. In *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992), the Court made clear that standing (injury-in-fact) requires proof of "an invasion of a legally protected interest which is (a) concrete and particularized [citations omitted] and (b) actual or imminent, not conjectural or hypothetical [citations omitted]." *See also Valley Forge Christian College v. Americans United for Separation of Church & State*, 454 U.S. 464, 472 (1982) (Article III's case or controversy requirement[10] of an "actual injury redressable by the court" "tends to assure that legal questions presented to a court will be resolved, not in the rarefied atmosphere of a

[9] *See* R.Br. 25 ("even if the financial effects are not yet demonstrable"); R.Br. 27 ("impossible . . . to prove in court the causal connection"); R.Br. 29 ("it might take years for such loss to materialize").

[10] State courts adjudicating the "likelihood of dilution" standard of state dilution statutes are not constrained by Article III's case or controversy clause, nor is the TTAB (an Article I tribunal) when adjudicating opposition matters under 15 U.S.C. § 1063 of the TAA. And, the Solicitor General's concerns over the PTO "having to speculate" regarding "economic consequences" (US Br. 26) are addressed and resolved by both the TAA and its legislative history, which expressly authorize the PTO to look prospectively to deny *registration* of an applied-for mark if a famous mark owner "would be damaged . . . as a result of dilution . . . " by the applied-for mark.

debating society, but in a concrete context conducive to a realistic appreciation of the consequences of judicial action"). Moreover, "no[ ] congressional enactment . . . can lower the threshold requirements of standing under Art. III." *Valley Forge*, 454 U.S. at 487 n.24. Manifestly, the nature of FTDA dilution injury proffered by Respondents (presented here for the first time in the history of this litigation)[11] has serious injury-in-fact deficiencies.

The FTDA does not speak of incipient or future or nascent harm, much less likelihood of harm. The FTDA speaks only of conduct that "causes dilution" as defined by the statute. By dispensing with all requirement of proof of actual injury to the economic value of the mark, Respondents' (and the Sixth Circuit's) construction of the FTDA would permit an ethereal (non)injury to trigger a nationwide injunction.

In disavowing likelihood of dilution, Respondents have been forced to reveal here the nature of injury they say is protected by the FTDA. Their proffered construction of the FTDA raises constitutional doubt; Petitioners' does not. If one construction of a statute raises "serious constitutional problems," and another does not, the Court should choose the construction which avoids such problems. *INS v. St. Cyr*, 533 U.S. 289, 300 (2001), citing *Crowell v. Benson*, 285 U.S. 22, 62 (1932); *Ashwander v. TVA*, 297 U.S. 288, 341 (1936) (Brandeis, J., concurring). Both Petitioners' and Respondents' constructions are based on the plain meaning of the statute, so the Court may conclude that the wording is unambiguous. Petitioners' construction of the FTDA, presenting no constitutional infirmity, must be selected.

[11] If Petitioners had known earlier that Respondents' claimed harm was so remote and conjectural, Petitioners would have been in a position to raise the injury-in-fact deficiency. *Cf.* FED. R. CIV. P. 12(h)(3). Instead, Petitioners moved for summary judgment and put Respondents to their proof on the FTDA claim. That Respondents cross-moved for summary judgment on the FTDA claim shows they had put in all the proof they thought they needed to prevail.

The FTDA establishes a new category of trademark rights at the intersection of property and tort law, unlimited in time. The Amateur Sports Act (ASA), 36 U.S.C. § 380, provides the safeguards of clearly stated congressional policy limited to specific "Olympic" trademarks. By contrast, the FTDA is enacted broadly to include "famous and distinctive" marks in general, with no guidance other than the plain words of the statute. The role of the courts is to effectuate what Congress enacted, exercising care when Congress has entered into a new area fraught with constitutional implications, *not* to give effect to unstated "policy" over plain meaning. Petitioners' Brief on the Merits (at 18-20) explained how the dilution property right is not limited by Art I, § 8 of the Constitution, and noted that the Court has expressed concerns over patent-like property rights. In the FTDA, Congress has created an intangible right under its Commerce Clause power, unconstrained by the "limited times" restriction of Art. I § 8, making the injury-in-fact inquiry all the more critical.

IV. THE AVAILABILITY OF INJUNCTIVE RELIEF, GENERALLY OR UNDER THE CIVIL RIGHTS ACT OR THE PATENT AND COPYRIGHT ACTS, CANNOT BE EXTRAPOLATED TO THE FTDA, WHICH REQUIRES PROOF OF CAUSATION.

Respondents and several amici argue that because Congress authorized an injunction as the "primary remedy" for dilution, that evinces a "policy" that Congress did not intend to require proof of actual harm (R.Br. 29). This argument turns the law on its head by giving primacy to unstated policy over the words Congress actually used. Congress did not instruct courts to issue an injunction if the accused mark "might cause dilution" or was "likely to cause dilution" or "would tend to cause dilution" or even "would inevitably (if allowed to spread) cause dilution." As noted in a case cited by amicus Intel, courts cannot substitute their, or commentators', judgment of supposed Congressional "policy" or "intent" for the words Congress

used. *See Sinclair Refining Co. v. Atkinson*, 370 U.S. 195 (1962).[12] In sum, the availability of an injunction *as a remedy* does not and cannot dispense with the necessity for a dilution plaintiff to prove the harm that the FTDA requires as a predicate to trigger the remedy – namely, that the accused mark "causes dilution."

The phrase "subject to the principles of equity" in § 43(c) does not aid Respondents. That phrase is mere authorizing language necessary to be included in § 43(c) because the dilution concept flows from the court's *law*, not *equity*, jurisdiction.[13] Moreover, that phrase guides courts to issue an injunction only in conformance with the well-settled equitable principle that before an injunction may issue, the harm must be palpable and provable. *See Weinberger v. Romero-Barcelo*, 456 U.S. 305 (1982), cited by amicus Intel (Br. 11), where the Court refused to issue an injunction against the Navy, despite its discharge of ordnance into waters near Puerto Rico without a permit required by the Federal Water Pollution Control Act. Invoking the same "principles of equity" expressed in § 43(c), the Court observed that an injunction "is not a remedy which issues as of course." *Id.* at 311 (citations omitted).

To support their injunction argument, Respondents and amici merely quote equity homilies selected from inapposite antitrust cases. Dilution concepts are readily

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[12] That *Sinclair* is cited to support Respondents is puzzling, in view of the actual *holding* of that case. In *Sinclair*, the Court refused to interpret the term "labor dispute" in a way to ignore the anti-injunction requirement in the Norris-LaGuardia Act. The Court declined to give effect to alleged Congressional policy "upon considerations of what many commentators think would be the more desirable industrial and labor policy in view of their understanding as to the prevailing circumstances of contemporary labor-management relations *than upon what a correct judicial interpretation of the language of the Act as it was written by Congress*." 370 U.S. at 201-02 (emphasis added).

[13] Dilution is purely a creature of statute: "There is no comparable cause of action for trademark dilution at common law." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25, cmt. a, at 266.

distinguishable from the antitrust cases cited to support the injunction argument. Moreover, those cases do not dispense with the long-stated requirement that to obtain an injunction a plaintiff must present a "clear and immediate" injury, "not a mere possibility of injury in the remote future." *Pierce v. Society of Sisters*, 268 U.S. 510, 536 (1925). By contrast, here Respondents characterize their injury from dilution as "financial effects . . . not yet measurable" (R.Br. 25), or "impossible in many cases to prove in court" (R.Br. 27), or "it might take years for such loss to materialize" (R.Br. 29). It is patent that Respondents and their amici[14] do not articulate an injury-in-fact, and that is why they resort to "proof" of dilution by metaphor.

The citation of "other statutory contexts" authorizing injunctive relief by amicus Best Western in 42 U.S.C. § 1983 of the civil rights statute (Br. 9), and by amicus Intel (Br. 10-11, n.11) in 17 U.S.C. § 501(a) of the Copyright Act or in 35 U.S.C. § 271 of the Patent Act are equally unavailing. The copyright and patent statutes are strict liability statutes, *See Jurgens v. CBK, Ltd.*, 80 F.3d 1566, 1570 n.2 (Fed. Cir. 1996) (patent infringement "is a strict liability offense"); *Educational Testing Serv. v. Simon*, 95 F. Supp. 2d 1081, 1087 (C.D. Cal. 1999) ("copyright infringement . . . is a strict liability tort"), so there is no requirement to establish a causal connection, just a requirement to establish the fact of infringement. The civil rights statute, of course, was enacted to provide relief from acts which abridge or impair civil rights guaranteed by the Constitution. By contrast, the FTDA is neither a statute to prevent abridgement of Constitutional rights, nor a strict liability statute authorizing injunctive relief upon the mere showing of an infringement. Instead,

[14] Amici perceive the injury from dilution as similarly amorphous. *See* Best Western Br. 11 ("By the time the plaintiff can marshal such proof (if it can do so at all)"); Intellectual Property Owners Association Br. 5 ("damage to it [a trademark] could be intangible"); AIPLA Br. 11 ("prevent dilution *before* it turns into actual harm") (italics in original).

the FTDA authorizes an injunction only upon a showing that the accused mark "causes dilution," not incipient or conjectural harm.

There is no evidence that Congress meant to unleash the power of the federal courts by authorizing the issuance of injunctions based on speculation and surmise, instead of proof of causation that the accused mark "causes dilution." Congress' deliberate use of the word "causes" to establish the substantive injury addressed by § 43(c) cannot be ignored or abrogated merely because Congress chose to remedy FTDA dilution, once established, by injunction.

V. THE COURTS BELOW DID NOT "FIND" THAT PETITIONERS' MARK "CAUSES DILUTION" OF RESPONDENTS' FAMOUS MARK; ANY CONTEXTUAL FACTORS CONSIDERED WERE APPLIED ONLY IN A TRADEMARK CONFUSION CONTEXT, WHICH WAS RESOLVED AGAINST RESPONDENTS.

Respondents mischaracterize the Sixth Circuit's opinion in two significant respects: first as having "explicitly found dilution," and second, as having done so "on the basis of *numerous* contextual factors" (R.Br. 13, italics in original). Actually, the Sixth Circuit considered only two of the ten *Nabisco* factors (distinctiveness and similarity of the marks). Because "distinctiveness" is itself an express requirement of the FTDA (a qualifying mark must be both "famous" and "distinctive"), the Sixth Circuit's consideration of "distinctiveness" of the VICTORIA'S SECRET® mark was superfluous. Consequently, the Sixth Circuit's affirmance of the district court's dilution injunction was based *solely* on a "semantic[]" similarity of the marks; and, as to tarnishment, based additionally on pejorative portrayals of Petitioners and their goods by Respondents.

Respondents argue that the Sixth Circuit "found that dilution had occurred," and that the Sixth Circuit stated "that the FTDA requires a finding of present dilution" (R.Br. 44). The Sixth Circuit did not find dilution as a fact; rather it accepted the Second Circuit's *Nabisco* reasoning: "[W]e read the statute to permit adjudication granting or

denying an injunction . . . *before the dilution has actually occurred*." 191 F.3d at 224-25 (emphasis added). The Sixth Circuit made no "findings" to reach its conclusion of dilution because, under the *Nabisco* test it purported to apply, it was not required to. Indeed, the likelihood of dilution concept that Respondents now disavow is replete in the Sixth Circuit's dilution analysis:

> While no consumer *is likely* to go to the Moseleys' store expecting to find Victoria's Secret's famed Miracle Bra, consumers who hear the name "Victor's Little Secret" *are likely* automatically to think of the famous store and link it to the Moseleys' adult-toy, gag gift, and lingerie shop. This, then, is a classic instance of dilution by tarnishing (associating the Victoria's Secret name with sex toys and lewd coffee mugs) and by blurring (linking the chain with a single, unauthorized establishment). Given this conclusion, it follows that Victoria's Secret *would* prevail in a dilution analysis, even without an exhaustive consideration of all ten of the *Nabisco* factors.

Pet.App. 27a (emphasis added). The Sixth Circuit's so-called finding of dilution was thus based solely upon an assumption of what consumers "automatically" might think, and the similarity of the parties' marks. But the Sixth Circuit did not analyze (nor did the district court) whether Respondents established the statutory basis of a dilution finding under the FTDA (*e.g.*, whether Petitioners' mark causes the lessening of the capacity of the VICTORIA'S SECRET® mark to distinguish Respondents' goods and services). The Sixth Circuit thus *inferred* injury from semantic similarity of the parties' marks, and concluded there was dilution on that basis alone.

Under the Sixth Circuit's inference-based reasoning, it is hard to imagine any finding of tarnishment that would not also constitute dilution by blurring. The Sixth Circuit's approach renders superfluous the separate concept of tarnishment, and reveals how the mischief of subjective jurisprudence can creep into such cases. If Petitioners sold

no sexually-oriented products, one questions whether the courts below would have found dilution by blurring. This demonstrates the wisdom of Congress in requiring proof of dilution *and* of causation under the FTDA.

Respondents' new dilution argument thus boils down to the "think" and "link" test contained in the Sixth Circuit's meager analysis: if an accused mark is sufficiently similar to a famous mark to create an association with the famous mark, dilution harm inevitably flows from that and is presumed to occur. A clearer example of a strict liability standard for dilution would be hard to imagine.

VI. TRIPs DOES NOT MANDATE A "LIKELIHOOD OF INJURY" STANDARD FOR FTDA DILUTION.

Though Respondents do not discuss the issue, amicus AIPLA contends that the FTDA "was enacted to bring United States trademark law into compliance with international treaties that do not require an 'actual harm' standard for trademark dilution." AIPLA Br. 11. AIPLA suggests that the FTDA was enacted to be "consistent" with Trade Related Aspects of Intellectual Property Rights ("TRIPs"), as well as the Paris Convention. AIPLA cites to TRIPs as support for the likelihood of dilution standard disavowed by Respondents. However, amicus Intellectual Property Law Professors ("IPLP") warns that whether Article 16(3) of TRIPs mandates protection against dilution is "a matter of some dispute" (IPLP Br. 13 n.5). And, the House Report only briefly mentions treaty obligations, and so provides no informed insight.

Article 16(3) purports to extend the reach of the Paris Convention Article 6*bis*, which governs enforcement of rights in "well-known" marks (a term not in the FTDA or Lanham Act) as to goods and services which are not similar to a well-known registered trademark, "provided that use . . . would indicate a *connection* between those goods or services and the owner of the registered trademark. . . . " AIPLA's brief ignores this aspect of Article 16(3) and argues as if the *only* requirement is that

the interests of the owner "are likely to be damaged" by the use. In this case, the district court found *against* Respondents on their claims that Petitioners' mark was "*likely* to cause confusion, or to cause mistake, or to deceive as to the . . . *connection* . . . " of the user with another person, or as to "the origin, sponsorship, or approval" of the goods or services by another person. The "likely to be damaged" language of Article 16(3), especially as so taken out of context, cannot write the plain language requiring causation and proof of injury out of the FTDA. AIPLA's citation to TRIPs thus lends additional force to Petitioners' concern that passing references in "legislative history" are an unreliable basis for statutory interpretation.

CONCLUSION

For the reasons stated in this Reply, and in Petitioners' Brief on the Merits, the judgment of the Sixth Circuit must be reversed and Respondents' FTDA claim must be dismissed as a matter of law.

Respectfully submitted,

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